
PERS Plan 1

Post 30-Year Program

The actual provisions governing the Post 30-Year Program are contained in the Revised Code of Washington (RCW) Chapter 41.40 RCW. This publication is a summary of those provisions, not a complete description of the law, and describes provisions currently in effect. If there are any conflicts between what is written in this publication and what is contained in the law, the applicable law will govern.

Members of the Public Employees' Retirement System (PERS) Plan 1 who accumulate 30 years of service credit may elect to participate in the Post 30-Year Program.

If you elect to participate, you make an irrevocable decision to have post 30-year contributions placed in a separate, refundable account that earns 7.5 percent interest annually (compounded quarterly). The refunded contributions and interest from this account will not reduce your monthly retirement benefit. However, your Average Final Compensation (AFC) at retirement will be based on the highest 24 consecutive months of compensation earned before you made the election.

To participate in the Post 30-Year Program, your service credit must be earned in PERS Plan 1; dual membership credits do not apply.

Election Deadline

You have six months from the month you accumulate 30 years to elect to participate in the program. Beginning the month after the Department of Retirement Systems (DRS) receives your election form, all future contributions will be posted to a refundable account. Any contributions made after you accumulate 30 years, and prior to your election, will **not** be posted to the refundable account. Once DRS receives your election form, your decision is irrevocable.

If you do not make the election within six months after the month you accumulate 30 years of service credit, your AFC will be based on the highest 24 consecutive months compensation during your career. There will be no refund when you retire.

Eligibility

DRS will send you a letter a few months before you earn 30 years of service credit. The letter will include contact information to request an estimate based on your PERS account information and projected annual salary. An estimate can help you understand how participating in the Post 30-Year Program could affect your monthly retirement benefit.

How working past 30 years affects your benefit

Salary increases can result in benefit increases because your PERS Plan 1 retirement benefit is based on your highest 24 consecutive months of compensation. If you are certain that your AFC will not increase after 30 years, it may be to your advantage to elect the Post 30-Year Program and have your post 30-year contributions refunded at retirement.

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The following examples show how working beyond 30 service credit years affects the benefit of a member named Shannon. Shannon attained 30 years of service credit in September 2003, at age 54. Her monthly benefit was calculated as follows:

Years of service credit: 30

Highest 24 months (two years) salary: \$48,000 and \$49,000

Average Final Compensation (AFC): \$48,500

2 Percent Formula: $2\% \times 30 \text{ years} \times \$48,500 / 12 = \text{\$2,425 per month}$

	Did NOT elect Post 30-Year Program	DID elect Post 30-Year Program
Shannon retires at age 55 in September 2004, after receiving an annual pay increase of \$1,000 for her final year	<p>Years of service credit: 31 Highest 24 months salary: \$49,000 & \$50,000 Average Final Compensation (AFC): \$49,500</p> <p>2 Percent Formula: $2\% \times 30^* \text{ years} \times \\$49,500 / 12 = \text{\\$2,475 per month}$</p>	<p>Years of service credit: 31 Highest 24 months salary: \$49,000 & \$50,000 Average Final Compensation (AFC): \$48,500**</p> <p>2 Percent Formula: $2\% \times 30^* \text{ years} \times \\$48,500 / 12 = \text{\\$2,425 per month}$</p> <p>Refund of Contributions and Interest Shannon earned \$50,000 and paid contributions at 6 percent for a total of \$3,000. She receives interest at 7.5 percent annually (compounded quarterly) for a total of \$85.43 for the year.</p> <p>Total Refund: \$3,085.43 (contributions and interest)</p>
Shannon retires at age 56 in September 2005, after receiving annual pay increases of \$1,000 each year, for her final two years	<p>Years of service credit: 32 Highest 24 months salary: \$50,000 & \$51,000 Average Final Compensation (AFC): \$50,500 (Shannon's AFC increases because of the additional \$1,000 pay raise.)</p> <p>2 Percent Formula: $2\% \times 30^* \text{ years} \times \\$50,500 / 12 = \text{\\$2,525 per month}$</p>	<p>Years of service credit: 32 Highest 24 months salary: \$50,000 & \$51,000 Average Final Compensation (AFC): \$48,500**</p> <p>2 Percent Formula: $2\% \times 30^* \text{ years} \times \\$48,500 / 12 = \text{\\$2,425 per month}$</p> <p>Refund of Contributions and Interest Shannon earned \$50,000 in her 31st year and \$51,000 in her 32nd year. She paid contributions at 6 percent for a total of \$6,060. She receives interest at 7.5 percent annually (compounded quarterly) for a total of \$410.58.</p> <p>Total Refund: \$6,470.58 (contributions and interest)</p>

* Under the 2 percent formula, the maximum benefit amount of 60 percent of AFC is reached at 30 years.

** Shannon's AFC was based on earnings up to the month of election.

How working past 30 years affects your benefit:

In addition to the examples on the previous page, it is important to understand:

If you choose to participate in the Post 30-Year Program, for every month you wait to elect to participate (up to the allowable six months), your retirement contributions for those months will **not** be placed in the refundable account. This is because only contributions made **after** DRS receives your election form will be posted to the refundable account.

For example, if Shannon had waited five months from when she attained 30 years of service credit, then elected to participate in the program, approximately \$1,250 in contributions (\$250 monthly) plus interest would not have been included in the refundable account.

If Shannon had elected the Post 30-Year Program as soon as she was eligible, the \$1,250 plus interest would have been added to her refundable account, and refunded at retirement.

You can see how increasing your salary after 30 years can make a difference in your monthly retirement benefit. If your AFC will **not** increase after 30 years, it may be to your advantage to participate in the Post 30-Year Program. If you are not sure of your future earnings, it may help to discuss the decision with a financial advisor. **Remember, once DRS receives your election form, your decision is irrevocable!**

Disbursement and Tax Information

If you choose to participate in the Post 30-Year Program, you will receive your post 30-year contributions and interest when you retire from PERS Plan 1. You **cannot** defer receiving your post 30-year funds. However, you can roll over the funds to an Individual Retirement Account (IRA) or qualified retirement plan that accepts rollovers. If you are younger than 59½ when you retire from PERS Plan 1, and you do not roll over the post 30-year funds, there may be an additional 10 percent Internal Revenue Service (IRS) tax on your refund.

You can find more specific information on the tax treatment of payments from eligible retirement plans in the IRS publication 575, *Pension and Annuity Income*. IRS publications are available from your local IRS office or by calling 1-800-TAX-FORMS. You can obtain federal tax information from the IRS by calling 1-800-TAX-1040, or on the IRS Web site at: www.irs.gov. DRS staff are not authorized to give tax advice.

Continue > > >

Send mail to:

Department of Retirement Systems
PO Box 48380
Olympia, WA 98504-8380

Web site:

www.drs.wa.gov

Call:

Toll-free at 1-800-547-6657
Olympia area call (360) 664-7000

E-mail:

recep@drs.wa.gov

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If you would like a Post 30-Year estimate of benefits based on your current account information, complete and return the enclosed *Request for Post 30-Year Program Benefit Estimate*, or contact DRS. When contacting DRS, be sure to tell the department that you are requesting a Post 30-Year estimate. Be prepared to provide:

- Your Social Security Number.
- Your signature (for written correspondence).
- Your daytime telephone number.
- Your mailing address.
- What month you plan to elect to participate in the Post 30-Year Program.
- When you plan to retire.
- Your current hourly wage.
- Expected leave cash out days (cannot exceed the amount earned in two years).
- Birth date of survivor option beneficiary.

